

Works Department were increased by the amounts of scarcity allowance till then drawn by them. The compilation of manuals, the prescription of departmental tests, the promulgation of rules relating to various important matters of administration, the more careful inspection of offices, and the more detailed scrutiny of periodical returns, are some of the means by which greater efficiency has been sought to be secured. A committee of officials and non-officials is being appointed to go into the present working of the Government Press and to suggest improvements therein, and Government are contemplating the creation of another competent committee to examine the condition of the P. W. D. Workshops.

46. Finance.—A perusal of Chapter II of the Administration Report for 1097 will enable you to see that the transactions of the year resulted in a deficit of Rs. 48,104. This deficit is smaller than that of 1096 and it is a matter for gratification that Travancore has been able to emerge with such small deficits out of a period of universal economic crisis of an unprecedented magnitude, in which almost every country in the world, including the various component parts of the Indian Empire, has had to budget for huge deficits. So far as retrenchment is concerned, I may point out that the State has, of late, been steadily extending its nation-building activities, and it would not be wise to circumscribe them now. Retrenchment at any price is not a sound financial policy and there is a limit beyond which it may well cease to be economical and may lead to undesirable results. Much work lies ahead for the State, in education, public works, medical relief, sanitation, agriculture, industries, and other spheres of moral and material development, and the aggregate expenditure of the State can only grow from year to year. The actual collections under the head of income-tax during 1097, the first year of the working of the Income-tax Regulation, amounted to Rs. 4,17,983, which is about Rs. 18,000 more than the estimated amount. The incidence of this tax per head of population was 3 chs. 5 cash, which is lower than the figure in Madras or Mysore. Arrangements could not be completed for assessing *quasi*-agricultural incomes during the last year, but they are in fair progress now and it is expected that they will increase to some extent the income-tax revenue of this year. It has, on the other hand, to be remembered that the abkari revenue of the State shows signs of steady decline, and that wind-falls are not a common feature of the finances of a non-industrial State like Travancore. That the only two ways of balancing a budget are increasing the revenues and retrenching the expenditure is a mere axiom. The only way by which Government can avoid the imposition of additional burdens on the general tax-payer to balance the budget is to make every possible effort to develop the normal sources of the State's revenue and to secure some financial relief by calling on local bodies to contribute a fair share of expenditure on local activities in the spheres of education, sanitation and public works. It is hoped that the fairness of this policy, which has already been enunciated in the Municipal Regulation and is being re-enunciated in the Village Panchayat Bill, will be more and more recognised and acquiesced in as days advance. The State Life Insurance Scheme was for the first time subjected to an actuarial valuation and the work was entrusted to Mr. M. R. Thambe of Bombay. His report shows that, although the lines on which the system was worked in the past call for improvement, the scheme itself has not resulted in any financial loss to Government. The benefits of the scheme which were confined to Government servants have recently been extended to municipal employes.

47. Local Self-Government.—The working of the Municipal Regulation, V of 1095, is in varying stages of progress in the several Municipalities of the State. While many Municipal Councils have courageously come forward to shoulder the new responsibilities which this legislative measure has thrown upon them, a few are fighting shy of taxation, and trying, if possible, to retrace some of the steps already travelled by them in that direction. The results achieved so far are, on the whole, not discouraging, and it is to be hoped that, in the near future, both the rate-payers and the non-official members who represent them on the several Municipal Councils will evince a progressive sense of readiness to bear civic responsibility and undergo some pecuniary sacrifice for its due discharge. The total